

**UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF WEST VIRGINIA
CHARLESTON DIVISION**

In re:

**HARD ROCK EXPLORATION, INC.
CARALINE ENERGY COMPANY
BROTHERS REALTY, LLC
BLUE JACKET GATHERING, LLC
BLUE JACKET PARTNERSHIP**

CHAPTER 11
**Case No. 17-20459
Case No. 17-20461
Case No. 17-20462
Case No. 17-20463
Case No. 17-20464**

Debtors.

Joint Administration Requested

**MOTION FOR JOINT ADMINISTRATION
NUNC PRO TUNC AS OF THE PETITION DATE;
REQUEST TO SCHEDULE HEARING**

Hard Rock Exploration, Inc., Caraline Energy Company, Blue Jacket Gathering, LLC, Blue Jacket Partnership, and Brothers Realty, LLC, debtors and debtors in possession (collectively, the “Debtors”), by counsel, and hereby move the Court for entry of an order pursuant to Fed. R. Bankr. P. 1015(b) authorizing the joint administration of the Debtors’ Chapter 11 cases *nunc pro tunc* as of the Petition Date. In support of this Motion, the Debtors respectfully represent as follows:

JURISDICTION AND VENUE

1. On September 5, 2017 (the “Petition Date”), the Debtors filed voluntary petitions for relief with this Court under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”). The Debtors are operating their businesses as debtors and debtors in possession pursuant to 11 U.S.C. §§ 1107(a) and 1108.

2. This Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue of the case and this Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

BACKGROUND

3. Hard Rock Exploration, Inc. (“Hard Rock”) is a corporation organized under the laws of the State of West Virginia, with a principal office located at 1244 Martins Branch Road, Charleston, West Virginia, 25312. Hard Rock is affiliated with the following entities who are also debtors: Caraline Energy Company, a corporation organized under the laws of the State of West Virginia; Blue Jacket Gathering LLC, a limited liability company organized under the laws of the State of West Virginia; Blue Jacket Partnership, a West Virginia partnership; and Brothers Realty, LLC, a limited liability company also organized under the laws of the State of West Virginia. Each affiliate’s principal office is also at 1244 Martins Brach Road, Charleston, West Virginia, 25312.

4. Hard Rock and its affiliates are independent oil and gas development companies, with approximately 387 well sites in its operational footprint. Hard Rock contracts with various companies and partnerships to drill and maintain oil and gas wells. Caraline Energy Company owns and maintains 365 miles of pipeline gathering system that were developed to support natural gas collection. Blue Jacket Gathering, LLC owns and maintains 24 miles of pipeline as well as a hydrocarbon extraction plant. Blue Jacket Partnership owns some of the aforementioned well sites and also has a minority ownership interest in Blue Jacket Gathering, LLC. Brothers Realty, LLC holds title to the real estate upon which the Debtors’ principal office is located. As such, Debtors are counterparties to a large number of leases for oil and natural gas wells.

5. The Debtors began their lending relationship with The Huntington National Bank (“Huntington”) in 2005. Initially, the Debtors were able to perform on the Huntington loans. However, in 2010, Huntington changed its lending policy with Debtors, insisting on personal guaranties and life insurance policies in excess of \$6.25 million from their principals and

ultimately changing the Debtors from asset-based borrowers to ratio-driven borrowers. These new requirements have kept the Debtors at a constant risk of default.

6. Litigation has ensued with Huntington over alleged defaults under the various loans. Prior to the Debtors' petitions, Huntington had sought to have the life insurance policies surrendered. Further, Huntington has accelerated all sums due under the various loans and prior to the Debtors' filing of their petitions, had moved to sell substantially all assets of the Debtors at a Trustee's Sale on September 18, 2017.

RELIEF REQUESTED

7. The Debtors respectfully request the entry of an Order, pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), directing that the Debtors' bankruptcy cases be jointly administered for procedural purposes only under the lead case of Hard Rock Exploration, Inc.

8. Bankruptcy Rule 1015(b) provides that if two (2) or more petitions are pending in the same court against a debtor and an affiliate, then "the court may order joint administration of the estates." Fed. R. Bank. P. 1015(b).

9. The Debtors are "affiliates" as such term is defined in Section 101(2) of the Bankruptcy Code.

10. Joint administration of the Debtors' cases is appropriate because the Debtors intend to file with this Court numerous pleadings and applications. It is anticipated that a joint plan for reorganization will be proposed. The Debtors believe that many hearings and matters will affect each of the Debtors' cases equally, and joint administration will reduce the amount of duplicate pleadings and notices that will be filed and/or served. As such, the joint administration

of these cases will promote the economical, efficient and convenient administration of the Debtors' Estates.

11. Creditors' rights will not be adversely affected by the joint administration of these cases. Joint administration will not affect any party's substantive rights. To the extent that proofs of claim are required to be filed, each creditor will be entitled to file a claim against the particular estate which owes it money. Finally, supervision of the administrative aspects of the Chapter 11 cases by the Court and the Office of the United States Trustee will be simplified.

12. In support hereof, Debtors incorporate the Declaration of James L. Stephens in support of Debtors' Petitions and First Day Motions.

CONCLUSION

WHEREFORE, Debtors respectfully request that the Court enter an Order: (a) directing that the Debtors' Chapter 11 cases be jointly administered *nunc pro tunc* as of the Petition Date; and (b) granting such other and further relief as the Court deems just and proper.

REQUEST TO SCHEDULE HEARING

The Debtors request that foregoing Motion to Shorten Notice be set for hearing before the Court on **September 25, 2017 at 1:30 p.m.**, in the United States Bankruptcy Court, Robert C. Byrd Courthouse, Bankruptcy Courtroom A, 300 Virginia Street East, Charleston, WV, or as soon thereafter as may be heard.

Respectfully submitted,

FOWLER BELL PLLC

By: /s/ Taft A. McKinstry
Taft A. McKinstry
Kentucky Bar No. 46610
Christopher G. Colson
Kentucky Bar No. 93328
300 West Vine Street, Suite 600
Lexington, Kentucky 40507
Email: TMKinstry@FowlerLaw.com
CGColson@FowlerLaw.com
Telephone: (859) 252-6700
Facsimile: (859) 255-3735

and

Christopher S. Smith
HOYER, HOYER & SMITH, PLLC
West Virginia Bar No. 3457
22 Capitol Street
Charleston, WV 25301
Telephone: (304) 344-9821
Facsimile: (304) 344-9519
Email: chris@hhsmlaw.com

**COUNSEL FOR DEBTORS AND
DEBTORS IN POSSESSION
(UNDER PENDING APPLICATION)**

CERTIFICATE OF SERVICE

A consolidated certificate of service will be filed separately.

/s/ Taft A. McKinstry
**COUNSEL FOR DEBTORS
AND DEBTORS IN POSSESSION
(UNDER PENDING APPLICATION)**